

people to a permanent tax of nearly \$1000 per day for taxation to meet the cost of the experiment.¹ An act was passed December 21, 1820, to incorporate the Bank of the •State of Alabama, but it provided for a capital of \$2,000,-000, of which three-fifths was to be obtained by private subscriptions. Subscriptions were slow in coming and the difficulty was met by an Act of 1823, removing any limit upon the capital and providing that the State should furnish the whole. Various public funds were set apart to constitute a part of the capital, among them the proceeds from the sale of lands donated by Congress for schools, amounting to about \$1,300,000, and the funds of the University of Alabama to the amount of about \$500,000. These grants were only a beginning, and between 1832 and 1837 the State issued bonds to the amount of \$13,800,000 for the increase of the capital of the bank and to enable it to resume specie payments.

The purpose of the founders of the bank was to distribute the bank money as evenly as possible among the people of the State and the original act stipulated that the loans be apportioned among the several counties in proportion to their representation in the General Assembly. Loans to a single individual or corporation were not to exceed \$2,000, but this rule was not closely adhered to in loans to the president and directors. The president and twelve directors were chosen by the General Assembly and the choice of directors for the branch banks increased the number annually chosen to between sixty and seventy. Candidates for the assembly were compelled to promise their supporters liberal loans in case of election and to exact pledges from candidates for the directorships that the loans should be granted. One of the hotel keepers of Tuscaloosa succeeded in securing an election as director in 1832 and his hotel swarmed with members of the legislature and persons desiring to borrow money, who hoped to secure his support in the negotiation of loans. Four other hotel keepers

¹ Century, Cheap Money Experiments^ 88.